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E.D. 12356: DECL:OADR
TAGS: OVIP (BRADLEY, WILLIAM), ELAB, PGOV, ECON, PINR, MX
SUBJECT: CALL OF SENATOR BILL BRADLEY ON CTM CHIEF FIDEL
- VELAZQUEZ
-

BEGIN SUMMARY:

1. DURING A JANUARY 2 MEETING WITH SENATOR BILL BRADLEY, FIDEL VELAZQUEZ, THE OCTOGENARIAN HEAD OF THE CTM, COMMENTED THAT: (A) MEXICO'S WORKERS CAN CONTINUE SUFFERING THROUGH MEXICO'S CURRENT ECONOMIC CRISIS DUE TO THE SOCIAL SAFETY NET (I.E. MEDICAL AND HOSPITALIZATION BENEFITS, LOW COST HOUSING AND CREDITS, SPECIAL INEXPENSIVE FOOD STORES, ETC.) WHICH THE CTM AND THE GOVERNMENT PROVIDE THEM; (B) RECENT INCREASES IN THE PRICE OF BASIC FOODSTUFFS WERE NECESSARY, AND THE CTM IN THESE DIFFICULT ECONOMIC TIMES HAS THE TWO OVERRIDING OBJECTIVES OF MAINTAINING THE COUNTRY'S PRODUCTIVE CAPACITY OPERATING FULLY AND OF MAINTAINING CURRENT LEVELS OF EMPLOYMENT; (C) UNEMPLOYMENT, CURRENTLY INVOLVING 4.5 MILLION PEOPLE, HAS BEEN MORE OR LESS BROUGHT UNDER CONTROL, ALTHOUGH NEW ENTRANTS INTO THE LABOR FORCE ARE NOT BEING FULLY ABSORBED; (D) WHILE THE CTM OPPOSED MEXICO ENTERING GATT, NOW THAT THE PRESIDENT AND THE GOVERNMENT HAVE DECIDED TO GO AHEAD WITH NEGOTIATIONS FOR ENTRY, THE CTM WILL HAVE TO GO ALONG; (E) THE CTM SUPPORTS THE GOVERNMENT'S CAMPAIGN TO SELL MANY PARASTATALS TO PRIVATE INDUSTRY AND HAS ITSELF BOUGHT SOME PARASTATALS; AND, (F) HE FONDLY REMEMBERS THE AF OF L'S SUPPORT FOR THE 1910-1921 MEXICAN REVOLUTION AS WELL AS SAMUEL GOMPERS' 1924 VISIT TO MEXICO. END SUMMARY.

2. ON JANUARY 2, VISITING SENATOR BILL BRADLEY OF NEW JERSEY CALLED ON FIDEL VELAZQUEZ, THE 85-YEAR OLD SECRETARY GENERAL OF THE CTM, MEXICO'S PRINCIPAL TRADE UNION CONFEDERATION. DURING THIS CALL ON DON FIDEL, SENATOR BRADLEY WAS ACCOMPANIED BY SENATE AIDES JOHN DESPRES AND DR. JAMES CURRIE, AS WELL AS BY MEXICO CITY AFLD REPRESENTATIVE PAUL SOMOGYI AND BY THE EMBASSY LABOR COUNSELOR. DURING THIS CALL DON FIDEL APPEARED TO BE IN HIS USUAL GOOD HEALTH, WAS MENTALLY ALERT, AND DISPLAYED HIS USUAL SENSE OF HUMOR.

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VELAZQUEZ SAYS MEDICAL, HOUSING, AND FOOD STORE BENEFITS
PROVIDE SAFETY NET FOR MEXICAN WORKERS

3. SENATOR BRADLEY MADE REFERENCE TO THE STEADY DECLINE IN PURCHASING POWER OF THE MEXICAN WORKER DURING THE CURRENT PROLONGED MEXICAN ECONOMIC CRISIS, AND ASKED VELAZQUEZ HOW MUCH LONGER COULD SUCH A SITUATION CONTINUE WITHOUT SOME SORT OF STRONG REACTION FROM MEXICO'S LONG-SUFFERING WORKERS. DON FIDEL RESPONDED THAT IT IS TRUE THAT MEXICO'S WORKING CLASSES HAVE SUFFERED THE MOST AS A CONSEQUENCE OF MEXICO'S THREE-YEAR OLD ECONOMIC CRISIS, AND THEY HAVE BEEN DEPLETING THEIR PREVIOUS SAVINGS. NONETHELESS MEXICO'S LABOR LEGISLATION AND ITS SOCIAL SECURITY SYSTEM AND ANCILLARY BENEFITS HAVE PROVIDED A SOCIAL SAFETY NET FOR MEXICAN WORKERS DURING THIS PERIOD OF TIGHT AUSTERITY. ELABORATING ON THIS STATEMENT DON FIDEL POINTED OUT THAT MEXICAN WORKERS RECEIVE VIRTUALLY FREE HOSPITALIZATION AND MEDICAL CARE, NOT ONLY FOR THEMSELVES BUT FOR THEIR FAMILIES, BENEFIT FROM EXTREMELY LOW COST HOUSING AND HOUSING CREDITS THROUGH IFONAVIT, A GOVERNMENT WORKER HOUSING INSTITUTE, AND BENEFIT FROM A SERIES OF SUBSIDIZED CONASUPO FOOD STORES THROUGHOUT THE COUNTRY. AS AN EXAMPLE OF THE IFONAVIT HOUSING BENEFIT, VELAZQUEZ SAID A WORKER COULD PAY TWO MILLION PESOS (APPROXIMATELY 4,500 DOLLARS) FOR A HOUSE WHOSE COMMERCIAL PURCHASE VALUE WAS 12 MILLION PESOS (APPROXIMATELY 27,000 DOLLARS). HE ADDED THAT THE PRICE OF FOOD-STUFFS IN CONASUPO STORES PROVIDE WORKERS WHO SHOP IN THESE STORES WITH SAVINGS OF 15-40 PERCENT OFF THE NORMAL MARKET RETAIL PRICE.

RECENT PRICE INCREASES WERE NECESSARY - CTM OBJECTIVES ARE
TO MAINTAIN PRODUCTIVE CAPACITY OF NATION AND EMPLOYMENT
LEVELS

4. SENATOR BRADLEY ALSO INQUIRED ABOUT THE RECENTLY ANNOUNCED PRICE INCREASES IN THE PRICES OF SUCH BASIC ITEMS AS BREAD, TORTILLAS, AND MILK, AND WHAT THE CTM'S

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REACTION WAS TO THESE PRICE INCREASES. DON FIDEL RESPONDED THAT WHILE THE PRICE INCREASES HAD THE GREATEST ADVERSE EFFECT ON THE WORKING CLASSES, HE AND THE CTM RECOGNIZED THAT THEY WERE INDISPENSABLE, DUE TO THE INCREASED COST OF RAW MATERIALS. HE ADDED THAT WHILE RISING PRICES OBVIOUSLY HAVE AN IMPACT, THE CTM, DURING THESE DIFFICULT TIMES, HAS TWO OVERRIDING OBJECTIVES. THESE ARE (A) TO DO EVERYTHING TO KEEP THE PRODUCTIVE CAPACITY OF THE NATION AND OF ITS BUSINESS ESTABLISHMENT OPERATING; AND (B) TO MAINTAIN CURRENT LEVELS OF EMPLOYMENT AT ALL COSTS.

DON FIDEL CLAIMS UNEMPLOYMENT PROBLEM HAS BEEN KEPT
UNDER CONTROL

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5. ON THE QUESTION OF EMPLOYMENT, DON FIDEL SAID THAT MEXICO HAS BEEN SUCCESSFUL IN MAINTAINING EMPLOYMENT AT APPROXIMATELY THE SAME LEVEL SINCE THE ECONOMIC CRISIS BROKE OUT IN LATE 1982. THE PRINCIPAL PROBLEM ON THE EMPLOYMENT FRONT, ACCORDING TO VELAZQUEZ, HAS BEEN TO ABSORB THE NEW ENTRANTS INTO THE LABOR FORCE. HE ESTIMATED THAT CURRENT UNEMPLOYMENT IN MEXICO WAS ABOUT 1.5 MILLION. NONETHELESS HE SAID THAT UNEMPLOYMENT WAS NOT THE MAJOR PREOCCUPATION OF THE CTM, AND EXPRESSED SOME SATISFACTION THAT THE UNEMPLOYMENT PROBLEM, IN HIS VIEW, HAD BEEN KEPT UNDER CONTROL.

WHILE CTM HAS OPPOSED GATT ENTRY, VELAZQUEZ SAYS CTM HAS NO CHOICE NOW BUT TO GO ALONG

6. WHEN SENATOR BRADLEY ASKED DON FIDEL'S VIEW ON MEXICO'S ENTRY INTO THE GATT, VELAZQUEZ RESPONDED THAT THE CTM HAD BEEN STRONGLY OPPOSED TO GATT MEMBERSHIP FOR MEXICO, ON THE GROUNDS THAT IT WOULD ADVERSELY AFFECT MANY SMALL AND MEDIUM SIZE ENTERPRISES IN MEXICO, WITH A CONSEQUENT LOSS OF JOBS. A LARGE SEGMENT OF MEXICO'S EMPLOYERS, ACCORDING TO DON FIDEL, WERE ALSO OPPOSED FOR THE SAME REASON. NONETHELESS, HE RECOGNIZED THAT THE CTM HAD LOST THE BATTLE ON THAT ISSUE. NOW THAT PRESIDENT DE LA MADRID AND THE GOVERNMENT HAD DECIDED TO GO AHEAD WITH GATT ENTRY NEGOTIATIONS FOR MEXICO, THE CTM HAD NO CHOICE BUT TO GO ALONG.

VELAZQUEZ AND CTM SUPPORT GOM'S CAMPAIGN TO SELL PARASTATALS TO PRIVATE SECTOR

7. THE SENATOR ALSO ELICITED DON FIDEL'S VIEWS ON THE MEXICAN GOVERNMENT'S CURRENT CAMPAIGN TO SELL MANY PARASTATAL ENTERPRISES TO THE PRIVATE SECTOR. VELAZQUEZ RESPONDED THAT THE CTM SUPPORTED THIS CONCEPT, AND FELT IT WAS NECESSARY FOR THE GOVERNMENT TO GET OUT OF MANY BUSINESSES AND INDUSTRIES IN WHICH IT WAS SPENDING UNNECESSARILY MEXICAN GOVERNMENT FUNDS. HE ALSO STATED THAT THE CTM ITSELF HAD PURCHASED, AND WAS SEEKING TO PURCHASE, SOME ADDITIONAL PARASTATAL INDUSTRIES WHICH THE GOVERNMENT WAS SELLING. THE CTM'S CRITERIA IN THIS MATTER WAS TO PURCHASE INDUSTRIES AND/OR FACTORIES WHOSE PRODUCTS WOULD BE OF DIRECT BENEFIT TO THE WORKERS. FOR EXAMPLE HE CITED THE RECENT PURCHASE BY THE CTM FROM THE GOVERNMENT OF A BICYCLE FACTORY WHICH PRODUCED ITEMS (I.E. BICYCLES) WHICH THE WORKERS COULD PURCHASE INEXPENSIVELY AND UTILIZE FOR THE CHEAPEST POSSIBLE KIND OF TRANSPORTATION BACK AND FORTH TO WORK. OTHER INDUSTRIES WHERE THE CTM WAS CONSIDERING PURCHASING PARASTATAL FIRMS WERE IN THE AREAS OF GARMENT FACTORIES, TEXTILE FACTORIES, AND FOOD PROCESSING FACTORIES.

CTM REMEMBERS AF OF L SUPPORT FOR MEXICAN REVOLUTION, AND DON FIDEL FONDLY REMEMBERS SAMUEL GOMPERS' 1924 VISIT TO MEXICO

8. AT THE END OF THE CONVERSATION, DON FIDEL MADE REFERENCE TO HIS AND THE CTM'S LONG-STANDING TIES OF MORE THAN

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SIX DECADES WITH THE AMERICAN LABOR MOVEMENT. HE SAID THE CTM STILL REMEMBERS AND APPRECIATES THE FACT THAT THE AF OF L WAS ONE OF THE ONLY ORGANIZATIONS IN THE UNITED STATES WHICH WHOLEHEARTEDLY SUPPORTED THE MEXICAN REVOLUTION OF 1910-1921, WHICH DON FIDEL HIMSELF LIVED THROUGH. DON FIDEL ALSO SAID HE FONDLY REMEMBERED THE VISIT TO MEXICO IN 1924 OF AF OF L FOUNDER SAMUEL GOMPERS, WHO DIED IN EL PASO, TEXAS, AFTER JUST COMPLETING HIS MEXICAN VISIT. IN FACT, DON FIDEL (WHO WAS THEN A YOUNG MAN OF 24) SAID HE GOT TO KNOW GOMPERS WELL DURING THAT VISIT BECAUSE HE HIMSELF WAS ONE OF THE PRINCIPAL MEMBERS OF THE COMMITTEE WHICH ESCORTED GOMPERS AROUND MEXICO AND WAS ENTRUSTED WITH THE RESPONSIBILITY FOR ENSURING THAT ALL ADMINISTRATIVE AND OTHER ARRANGEMENTS FOR THE VISIT WERE SUCCESSFUL. (DRAFTED:LAB:JBGWYNN) GAVIN

END OF MESSAGE

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